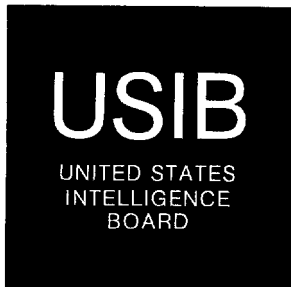


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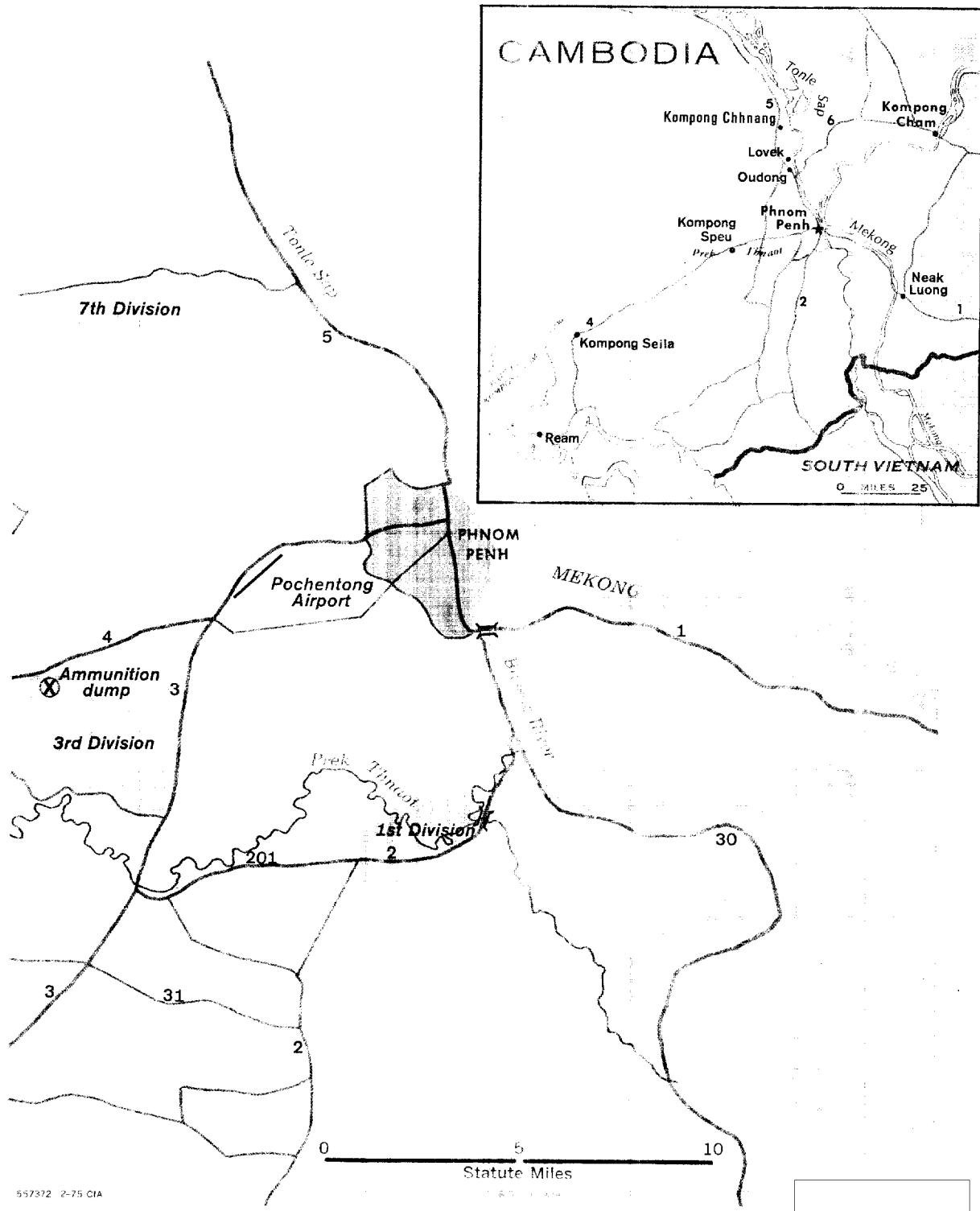
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CAMBODIA

The Khmer Communists have increased their attacks against Phnom Penh's southwestern defenses, and a serious threat to the army's main ammunition dump and to Pochentong airport could develop.

Almost all government units in this sector have been engaged in heavy combat for the past two days, and a number of positions have been lost. The Cambodian army high command has committed some reinforcements to the front, but relief operations are being stymied by stiff insurgent resistance--including some howitzer fire. With the Communists continuing to press the capital's northwestern defenses, and with renewed fighting occurring along the Mekong northeast of Phnom Penh, the situation in the capital area could soon become critical.

In the north, government troops yesterday pulled out of the town of Oudong, located on Route 5 some 20 miles northwest of Phnom Penh. The town was reduced to ruin during heavy fighting last spring and summer, and not many civilians still live there. Oudong had been only lightly defended since mid-January, when a government brigade stationed there was withdrawn to the Phnom Penh area.

Preliminary reports are sketchy, but most of Oudong's defenders apparently withdrew to the nearby base at Lovek, taking four 105-mm. howitzers with them. Lovek is now the only major government position near the Tonle Sap River between Phnom Penh and the provincial capital of Kompong Chhnang.

Elsewhere, the Khmer Communists are continuing to shell the navy base at Neak Luong, on the Mekong. Civilian casualties there are beginning to mount. Communist gunners yesterday also destroyed two navy craft trying to resupply a beleaguered beachhead south of Neak Luong. The navy has been able to resupply a larger beachhead nearby, however, and despite significant losses convoys continue to reach Neak Luong from Phnom Penh.

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ETHIOPIA

The Eritrean rebels are well aware of the Ethiopian government's request for additional military aid and are likely to attempt action against US interests if such aid is forthcoming.

The US naval communications facility in Asmara is vulnerable to rebel attack. Earlier this month, the rebels fired at the facility's fuel supplies in an attempt to prevent the fuel from being used in the generators that are being connected to Asmara's electrical system.

Osman Saleh Sabbe, leader of one of the main factions of the insurgent movement, has repeated an earlier appeal to the US to stop providing Ethiopia with military supplies.

Sabbe, now in Kuwait after a visit to Syria, said yesterday that Damascus is ready to provide military training to the Eritrean insurgents. Syria has long provided arms to the insurgents and is the only major Arab country that openly supports the rebel demand for complete independence.

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PORTUGAL

Portugal's major non-Communist parties are opposing parts of the Armed Forces Movement's program to formalize its role in the government's decision-making process.

A special committee of the Movement known as the "committee of eight" has begun separate consultations with all political parties on the contents of the seven-point program that the Movement's assembly approved on February 17. According to a Popular Democratic Party leader, his party and the Socialists object to three points: prior approval by the Movement of all presidential candidates; the arrogation of legislative powers to the military-dominated Council of State; and the Movement's selection of all future defense and economics ministers.

According to press reports, the Popular Democrats have already formulated counterproposals, and the Socialists are in the process of doing the same. The Portuguese Communist Party, hoping to expand its own influence through increased military control over the government, is expected to endorse the Armed Forces Movement's decision formalizing the role of the military in governing the country.

Continued disagreement could disrupt planning for the elections to the constituent assembly, now set for April 12. One of the points in the Movement's program requires all political parties to reach an understanding regarding certain minimum features of the constitution before they will be allowed to participate in the campaign, which is scheduled to begin on March 3.

There are no signs of how amenable the Movement will be to changes in its program. In recent months it has allowed considerable debate within its own membership, but once it reaches a decision it has grown accustomed to having that decision accepted as final. Moderate parties run the risk of having their opposition equated

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with reaction. Earlier this week, for example, Communist Party leader Cunhal criticized the Socialists and Popular Democrats for attacking communism "instead of the reaction."

Leftist extremists over the weekend stepped up their pressure tactics on more moderate political elements. They disrupted two rallies of the Popular Democrats, and a bomb demolished the car of one of the party's leaders in a Lisbon suburb. Prior to this time, the extreme leftists have confined such efforts largely to intimidating the Party of the Democratic Social Center, a slightly right-of-center party.

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GREECE

The Greek government has arrested 37 army officers in connection with a military-led conspiracy, but the issues that caused the basic unrest remain unresolved and could create additional disaffection within the officer corps. The government's action seems to have been a preemptive move.

Most of the detained officers are on active duty, although some of them have been retired or cashiered. All of them face charges of insurrection.

The ringleaders have long records as conspirators, and a good number of them--including three of the six generals involved--were among 36 officers suspended last September because of their active support of the former military regime and their close links to former strongman Brigadier General Ioannidis. Ioannidis' close associate, Major Athanassios Perdakis, who was suspended in September but reinstated two months later, appears to have been a key figure in the conspiracy.

The government continues to emphasize the limited nature of the conspiracy. Prime Minister Karamanlis has nonetheless pledged to carry through on the government's measures to eradicate the "cancer" in the armed forces. In a statement yesterday he hinted that these measures--presumably more suspensions--may have spurred the plotters to action.

The opposition and the press are already calling for a more thorough purge of the army. Yesterday in Thessaloniki, about 5,000 demonstrators from leftist groups called for a complete overhaul of the army and for the dismissal of Defense Minister Averoff. One of the army's criticisms of the government has been that it is too soft on demonstrators while allowing press attacks against the army.

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The government's dilemma, now sharpened, is how to remove disloyal elements from the army without further damaging morale and stimulating additional coup plotting. The current arrests have badly damaged Ioannidis' power base in the army but probably not destroyed it.

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The government's problem is complicated by the fact that after seven years of military rule, during which almost all officers were loyal to the junta, it is difficult to carry out a purge of junta supporters without drastically cutting into the officer corps. Minister of Defense Averoff has told the US embassy that he has been reassured by the failure of malcontents to rally support among the Greek military, and that he is determined to resist efforts by the opposition to force the government to conduct a general purge.

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LIBYA-EGYPT

The Qadhafi regime leveled an editorial blast at Egypt late last week that is certain to jeopardize the developing rapprochement between the two countries.

The editorial, in Libya's leading daily newspaper, Al-Jihad, stopped short of referring to Egypt and President Sadat by name, but it was clearly an attack on Sadat, his negotiating strategy, and his refusal to give personal attention to President Qadhafi. The editorial referred, in highly colored language, to broken promises and heretical actions that had led to the betrayal of friends and capitulation to enemies. The editorial warned at several points that Tripoli would no longer restrain its public comments. Libya, it declared, is prepared to "escalate everything up to the end, whether against an individual or a state."

The nature and timing of the outburst suggests that Qadhafi authorized--and may well have written--the editorial. Repeated complaints about insults and contemptuous treatment of Libya are out of phase with recent successful ministerial exchanges. This, along with the use of the word "Israel"--normally strictly forbidden to the Libyan press--point to Qadhafi as the author.

We are unaware of any one thing that could account for the Libyan leader's fury. Sadat may have scotched plans for the bilateral summit meeting that Qadhafi has been trying to arrange for months. Qadhafi probably fears the cooperation between Secretary Kissinger and Sadat and believes the inattention that Libyan overtures have received in both Cairo and Washington is part of a larger design. He may suspect, for example, that Sadat has weighed in with Washington against the release to Tripoli of eight C-130 aircraft being held in the US pending a license review.

Whatever prompted it, the editorial seems sure to touch off a new round of public and private bickering between Libya and Egypt. The implied threat to Sadat is an ominous reminder that the quarrel could escalate quickly.

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SINGAPORE

Defense officials from the UK and Singapore have drawn up firm plans for the withdrawal of British servicemen from Singapore.

The plans--subject to final approval by both governments--provide for a phased reduction of the 2,000 British forces beginning in July. By March 31, 1976, all but a few air defense advisers will have departed. Control of the naval base, which the government plans to convert to commercial use, will be transferred to Singapore by early next year.

A major issue concerning the British departure is future access to naval base facilities by US and Allied warships. Singapore has indicated that two berths will be designated for use by the Allies and made available on a preferred basis at "reasonable rental" and with "proper" notice. Fuel storage facilities will also be available. Singaporean officials have rejected a proposal for New Zealand to manage several berths at the base, but further discussion on the subject is expected.

Once Singapore assumes control of the naval facilities, the previously designated restricted area will probably be opened to commercial vessels, including Soviet merchant ships and naval auxiliaries. Nevertheless, Singapore is not expected to alter its practice of refusing access to Soviet naval combatants.

Following the British withdrawal, a 1,200-man New Zealand defense force--including air, naval, and ground elements--will become the largest foreign military presence in Singapore. Australia is to complete its pull-out of a residual group of about 150 servicemen by June. A detachment of fighter aircraft from the two Australian fighter squadrons based in Malaysia will probably continue periodic deployments to Singapore, however, and some Australian air defense technicians will remain.

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USSR

Prospects look good for a bumper grain crop this year. Winter grains will continue to be vulnerable at least through March, but winterkill apparently will be less than normal, and a record winter grain harvest--which normally accounts for one third the total crop--could result. If average weather conditions prevail through the rest of the growing and harvesting season, the total grain crop should exceed domestic and export requirements for 1975--estimated at around 210 million tons.

Even so, corn for the ambitious livestock program and some high-quality milling wheat may be purchased if prices are attractive. The president of a large US grain exporting company, who meets regularly with the Soviets, believes that--barring serious crop failures--the USSR will establish a pattern of buying 4-6 million tons of corn annually and 1-3 million tons of wheat periodically.

Moscow originally contracted for almost 7 million tons of wheat and corn for delivery this fiscal year. A small part of this order was canceled or resold, largely because of price changes and the fact that this amount was no longer needed. The imports were used both to meet domestic needs and to avoid drawing down Soviet reserve stocks, since the 1974 grain harvest was below Soviet expectations. Recently released Soviet statistics confirm the disappointing harvest--the 83.8-million-ton wheat crop was the smallest since 1969. The corn harvest was 10 percent below the previous year, despite a 12-percent increase in acreage.

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EAST GERMANY

The East Germans have recently issued a resolution to cut fuel consumption by 27 percent. This is in addition to conservation measures taken in 1974 which reduced consumption by 10 to 15 percent in many sectors.

The resolution was prompted by the increased price of Soviet oil deliveries for 1975. According to a protocol signed on January 31, East Germany will import from the USSR 15 million tons of oil in 1975 at a price more than double the 1974 price per barrel.

Domestic brown coal provides 80 percent of East Germany's electrical energy, and the country is developing nuclear power as an alternative energy source. For the most part, the Soviet Union supplies almost all the fuel the East Germans import.

The East Germans are trying to convert a considerable portion of their energy requirements from coal and synthetic gas to natural gas. They must import about 30 percent of this natural gas--all of it from the USSR. To assure a supply of natural gas, East Germany will send up to 5,000 workers, including specialists, to help construct a second pipeline in the USSR.

State organs have initiated gasoline-saving measures and distributed extensive guidelines for fuel conservation.

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Overwhelming Mandate Expected for Marcos in Referendum

President Marcos is campaigning for the referendum to be held tomorrow on the question of martial law as if it were an old-time presidential election. He is seeking to drum up for himself and his government popular enthusiasm that will undercut foreign and domestic criticism and serve as a popular mandate for future decisions.

In his recent speeches, Marcos has used a rationale for martial law different from that cited when it was proclaimed in September 1972. Then, he alleged that communist conspirators planned the imminent overthrow of the government. Now he says martial law authority is needed to deal with the consequences of the international economic recession and the major Muslim insurrection in the southern Philippines.

The people will vote on two relatively narrow propositions: whether they approve of martial law and want it continued, and whether they approve proposed administrative changes that would impose presidential appointive authority over local government. The vote will be carefully managed to assure an overwhelming mandate for Marcos, but most Filipinos will probably vote yes without compulsion--either because they see martial law as a definite improvement over the previous system or because they believe there is no alternative.

An Uneven Record

Since the last referendum on martial law, in July 1973, Marcos has loosened some of the more authoritarian aspects of his regime. Government censorship of the media has been relaxed, but most journalists are aware of the unwritten restrictions and are demonstrating that self-censorship is as stifling as the government variety. Many political prisoners have been released, including several well-known political opponents of Marcos. Snap arrests and harassment of potential critics still occur, however, and Marcos' best known political rival, Senator Benigno Aquino, remains in prison.

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Marcos over the past 18 months has dealt relatively efficiently with immediate economic problems, such as the 1973 oil embargo, and has made some progress toward resolving long-range issues, such as land reform.

On the other hand, neither military nor political action has been effective in settling the Muslim insurrection, which has become more widespread and intense. Members of the Marcos clan have used martial law to further enrich themselves financially and to deport themselves in the style of latter-day Asian royalty. Dummy corporations fronting for Marcos' interests have bought up enterprises formerly owned by his rivals.

Moreover, the excesses of Marcos' wife Imelda have tarnished the regime's image at home and abroad. Last year she squandered millions to host the Miss Universe pageant in Manila. And finally, military and police corruption and brutality evidently are increasing as the armed forces grow in size and influence.

Clerical Opposition

Outspoken critics of Marcos prior to martial law have had little success capitalizing on the deficiencies of the current regime and have been remarkably quiescent. The only important exception is the Catholic Church, which has gradually emerged as the focus for public opposition to martial law. Several liberal priests have been speaking out against Marcos since 1972, but during the past year they have been joined by increasing numbers of moderates and, on one occasion, by conservatives. Public pressure from Philippine bishops provided the impetus for last year's much-publicized release of political prisoners, as well as for public promises by Marcos to relax some authoritarian aspects of his government.

Church liberals are publicly attacking the present referendum as a "mockery of democracy." They held a well-attended outdoor penitential service in Manila on February 21 to protest the injustice of martial law.

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While maintaining the church's right to speak out on moral issues, most church leaders still oppose such overt political action and want to avoid direct confrontation with the government. Marcos, acutely aware of the church's potential to arouse popular opposition, is trying to exploit ideological divisions within the Council of Bishops and to create suspicions between foreign and native clerics.

Future Plans

In addition to their politics-as-theater aspects, Marcos' periodic referenda are designed to create a new political structure by enhancing the status of the village-level citizens' assemblies created under martial law. They not only give Filipinos a sense of participation in government, but allow Marcos to argue that his regime is based on direct consultation with the people, bypassing former, often corrupt, intermediaries such as governors and congressmen. The village assembly meetings also give Marcos a carefully controlled forum for identifying potential sources of popular discontent.

In his "campaign" speeches, Marcos is stressing the need for a popular mandate that will allow him to make important decisions in the future. The only specific issue he has raised in this context is the Muslim rebellion in the south, but there probably are others. He could, for example, choose to regard a "popular mandate" as a license to deal with the question of political trials for such figures as Aquino.

Marcos has spoken about expanding the armed forces because of the increased fighting with Muslims in the south. A major military buildup would entail added burdens on the economy as well as personal sacrifices by many Filipinos. Settling the problem through negotiations would also involve hard decisions for Manila, including a willingness to compromise on Muslim demands for autonomy. Unraveling the diplomatic complications surrounding the Muslim revolt would require Marcos to give up the Philippine claim to the Malaysian state of Sabah.

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President Marcos does not really need any sort of "mandate" to take action on these or other issues, for he has virtually unchallenged authority. But he doubtlessly believes that an overwhelming vote of confidence will be a useful trump card that he can play if he encounters domestic or foreign criticism for some decision.

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